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P.O. BOX 1799, SACRAMENTO, CALIFORNIA 95808
(916) 445-4982

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No. 78/34

March 6, 1978

TO COUNTY ASSESSORS:

PERSONAL PROPERTY OF RETIREMENT SYSTEMS

Section 28005 of the Corporations Code, first enacted in 1945 and amended on occasion, specifically exempted the personal property of all retirement systems. This law was repealed in August 1976.

Since there were no other provisions of the Corporations Code that exempted this property, it became taxable on the lien date in 1977, unless it qualified for exemption under other provisions of the Constitution or the Revenue and Taxation Code.

Personal property owned by state and local governments is exempt under Article XIII, Section 3 (a,b), of the Constitution (Example: Public Employees Retirement System). Personal property of banks and insurance companies is likewise exempted from ad valorem taxation. However, if banks and insurance companies set up separate corporations to handle the retirement system activities, their personal property would be taxable.

Accordingly, personal property of non-exempt retirement systems should be routinely assessed beginning with the lien date in 1978; escapements should be enrolled for 1977. Examples of non-exempt systems are union retirement systems or pension funds and private retirement systems.

We regret any inconvenience we may have caused by calling this to your attention at this late date. Please contact Bud Florence or Jim Barga of this division if you have questions regarding the above.

Sincerely,

Jack F. Eisenlauer

Jack F. Eisenlauer, Chief
Assessment Standards Division

JFE:ebv